

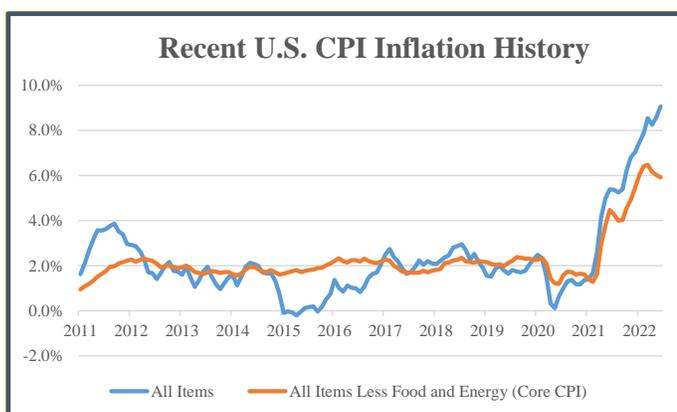


MICHIGAN ECONOMIC UPDATE

Office of Revenue and Tax Analysis
Michigan Department of Treasury
<http://www.michigan.gov/treasury>
Summarizing Economic Data for June 2022
(Published 07/29/2022)

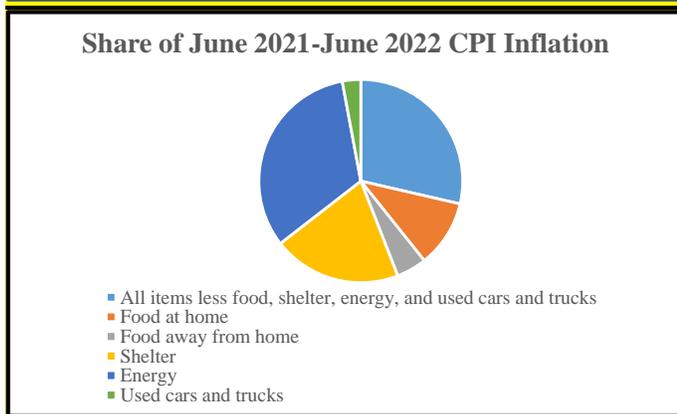
Consumer Price Index Release, June 2022

On July 13, 2022, the Bureau of Labor Statistics released June 2022 consumer price index data. Below are some highlights of that release ^(c):



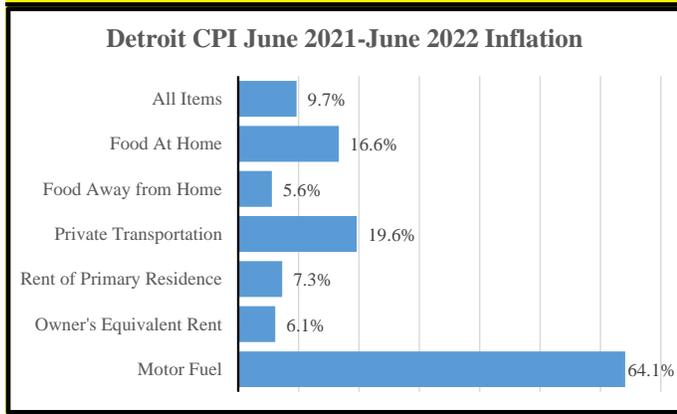
Broad U.S. Consumer Price Indices

- Between June 2021 and June 2022, the overall U.S. consumer price index (CPI) rose 9.1 percent – the nation’s largest year-over-year percent increase in 40 years.
- The U.S. CPI excluding the volatile food and energy categories (core U.S. CPI) slowed slightly compared to recent months – dropping to a still historically high 5.9 percent.



Key Contributors to Overall U.S. CPI Inflation

- Energy, while comprising 8.7 percent of consumer expenditures, accounted for nearly one-third of the the overall U.S. CPI y-o-y percent increase.
- Food, comprising 13.4 percent of consumer expenditures, accounted for 15.4 percent of the overall U.S. CPI inflation rate.
- Shelter, comprising 32.3 percent of consumer expenditures, accounted for 20.3 percent of overall CPI inflation.



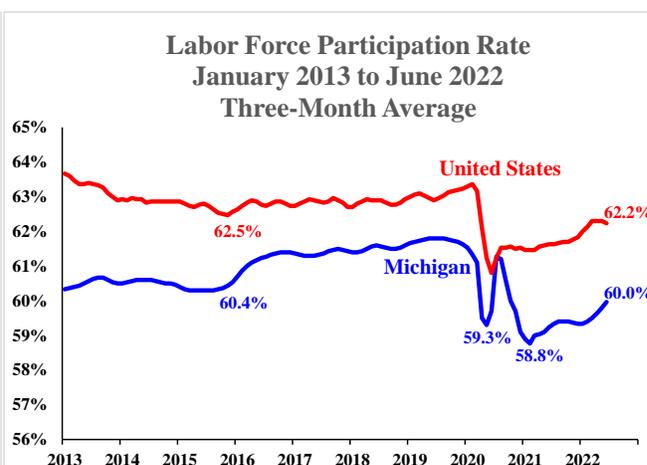
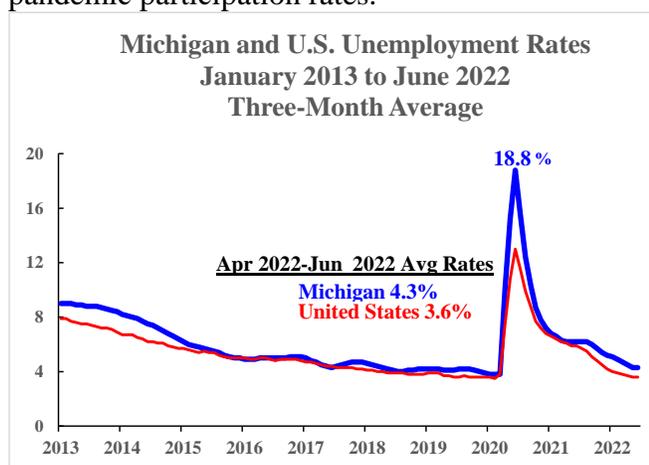
Detroit Metropolitan Area CPI Inflation

- Between June 2021 and June 2022, the overall Detroit metropolitan area consumer price index rose 9.7 percent.
- Motor fuel prices rose 64.1 percent over the past year while private transportation costs prices increased 19.6 percent.
- The prices of food at home rose 16.6 percent from last year while food away from home prices were up 5.6 percent.
- Rent of primary residences increased 7.3 percent.

June 2022 Summary

Unemployment Rate Estimates

- The monthly Michigan unemployment rate estimate remained at 4.3 percent in June. The three-month average of the Michigan unemployment rate is also 4.3 percent for June. Compared to last June, the three-month average is down 1.9 percentage points. Compared to the pre-pandemic February 2020 rate, the current average is up 0.5 of a percentage point.
- The average number of people employed in Michigan between April 2022-June 2022 was 100,200 lower than the number employed in February 2020. Compared to the three-month average of people employed between April 2021-June 2021, the current three-month average is up 165,100 people. The April 2022-June 2022 average of people unemployed is 20,300 people higher than the number of unemployed in February 2020.
- The U.S. unemployment rate was unchanged at 3.6 percent in June. June's national jobless rate is 2.3 percentage points lower than the June 2021 rate (5.9 percent), and just 0.1 of a percentage point higher than its February 2020 rate (3.5 percent).
- Both the Michigan and U.S. labor force participation rates remain significantly lower than their pre-pandemic participation rates.



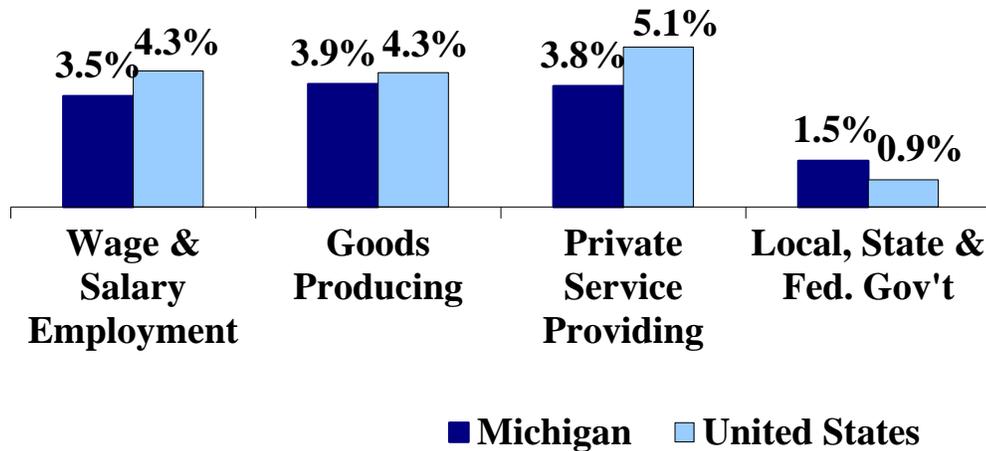
Employment by Place of Residence (in Thousands)^(a)

	<u>Annual</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Chg Fr</u>	<u>Chg Fr</u>	<u>Chg Fr</u>	<u>Chg Fr</u>	<u>Three</u>
	<u>2021</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>Mo Ago</u>	<u>Mo Ago</u>	<u>Yr Ago</u>	<u>Yr Ago</u>	
					<u>Level</u>	<u>%</u>	<u>Level</u>	<u>%</u>	<u>Month</u>
									<u>Average</u>
Michigan									
Labor Force	4,776	4,833	4,850	4,857	7	0.1%	72	1.5%	4,847
Employed	4,496	4,624	4,642	4,649	7	0.2%	168	3.7%	4,638
Unemployed	280	209	207	207	0	0.0%	-96	-31.7%	208
Unemployment Rate	5.9%	4.3%	4.3%	4.3%	n.a.	0.0% pts	n.a.	-2.0% pts	4.3%
United States									
Labor Force	161,204	164,046	164,376	164,023	-353	-0.2%	2,909	1.8%	164,148
Employed	152,581	158,105	158,426	158,111	-315	-0.2%	6,499	4.3%	158,214
Unemployed	8,623	5,941	5,950	5,912	-38	-0.6%	-3,590	-37.8%	5,934
Unemployment Rate	5.3%	3.6%	3.6%	3.6%	n.a.	0.0% pts	n.a.	-2.3% pts	3.6%

Employment by Place of Work (Payroll)

- Compared to June 2021, Michigan payroll employment was up by 146,900 jobs (3.5 percent). State payroll employment rose by 10,100 jobs in June 2022 from May 2022. Nationally, June 2022 payroll employment was up by 6.3 million jobs (4.3 percent) from a year ago. National employment rose 372,000 jobs in June.

Payroll Employment Growth



- In the goods-producing sector, Michigan payroll employment increased 3.9 percent in June from a year ago; employment in the private service-providing sector rose 3.8 percent. From a year ago, June national payroll employment rose 4.3 percent in the goods-producing sector and increased 5.1 percent in the private service-providing sector.
- At 42.3 hours, manufacturing weekly hours in Michigan were up 1.7 hours from last year.

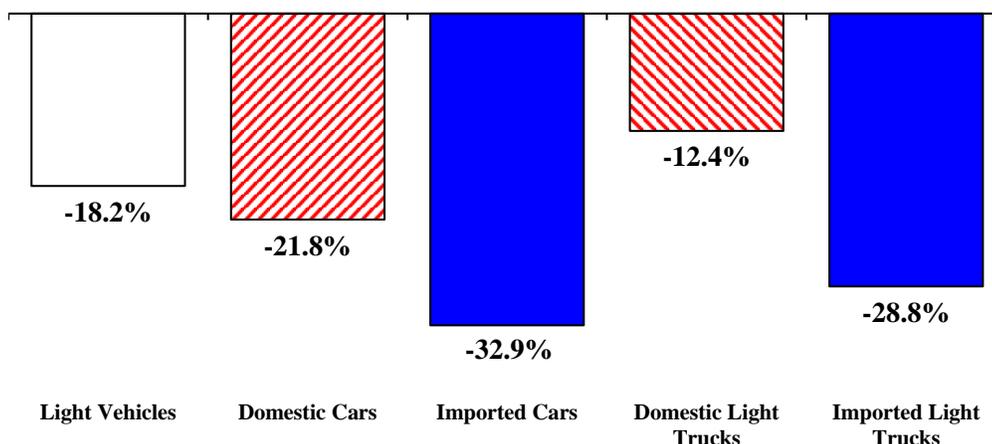
Wage and Salary (Payroll) Employment (in thousands)^(b)

	MI				US			
	2021 <u>Annual</u>	MI June <u>2021</u>	MI June <u>2022</u>	Percent Change	2021 <u>Annual</u>	US June <u>2021</u>	US June <u>2022</u>	Percent Change
Wage & Salary Employment	4,193.5	4,180.2	4,327.1	3.5%	141,308	145,698	151,980	4.3%
Goods Producing	766.8	758.6	788.1	3.9%	19,397	20,232	21,092	4.3%
Manufacturing	583.7	575.5	605.3	5.2%	12,294	12,288	12,797	4.1%
Private Service Providing	2,853.2	2,848.2	2,957.2	3.8%	99,604	103,441	108,673	5.1%
Trade, Trans. & Utilities	777.3	776.7	798.6	2.8%	27,319	27,661	28,746	3.9%
Services	1,791.6	1,787.9	1,864.6	4.3%	61,491	64,215	67,968	5.8%
Local, State & Fed. Gov't	573.5	573.4	581.8	1.5%	22,307	22,025	22,215	0.9%
Manufacturing Weekly Hours	40.8	40.6	42.3	1.7 hrs	42.7	41.3	40.9	-0.4 hrs

Motor Vehicle Sales Down From Last Year

- The U.S. light vehicle sales rate, constrained by supply chain shortages and higher interest rates, rose slightly to 13.0 million units in June. Compared to last June, sales were down 16.0 percent.
- U.S. sales of domestic light vehicles fell 11.1 percent from last June while foreign sales declined 30.6 percent. In June 2022, at 20.9 percent, the foreign share of U.S. light vehicle sales was down 4.4 percentage points from a year earlier.
- Auto sales decreased 25.6 percent compared to last June, while light truck sales declined 13.0 percent from June 2021. Year-over-year (y-o-y), heavy truck sales were down slightly (-0.3 percent) from last June.
- In May 2022 (the most recent month for which inventory data are available), retail vehicle inventories were up 10.6 percent from last May –the second straight percentage year-over-year increase following 24 months of year-over-year declines.

Year-to-Date 2022 Vehicle Sales Down From Year Ago



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

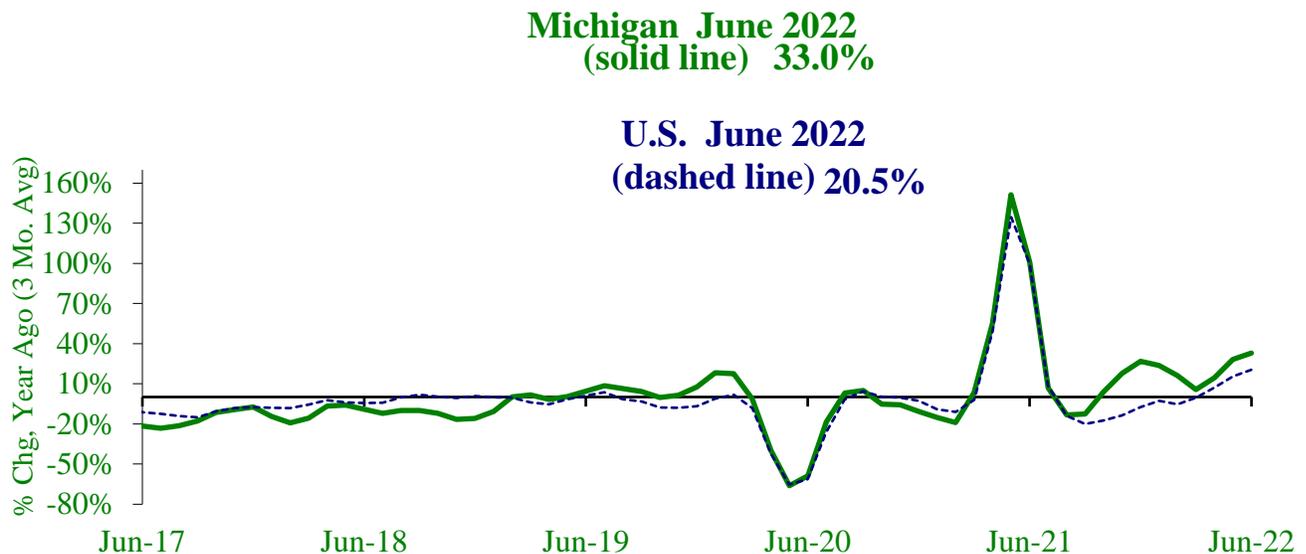
	<u>2021</u> <u>Total</u>	<u>Apr</u> <u>2022</u>	<u>May</u> <u>2022</u>	<u>Jun</u> <u>2022</u>	<u>3 Month</u> <u>Average</u>	<u>Jun</u> <u>Chg fr</u> <u>Yr Ago</u> <u>Level</u>	<u>Jun</u> <u>Chg fr</u> <u>Yr Ago</u> <u>%</u>
Autos	3.4	3.0	2.7	2.7	2.8	(0.9)	-25.6%
Domestics	2.4	2.2	1.9	2.0	2.1	(0.5)	-20.2%
Imports	1.0	0.8	0.7	0.7	0.7	(0.4)	-37.7%
Import Share	29.1%	25.9%	27.5%	25.9%	26.4%	-5.0% pts	
Light Trucks	11.6	11.5	10.0	10.3	10.6	(1.5)	-13.0%
Domestics	9.0	9.3	8.3	8.3	8.6	(0.8)	-8.5%
Imports	2.6	2.1	1.8	2.0	2.0	(0.8)	-27.7%
Import Share	22.3%	18.7%	17.7%	19.6%	18.7%	-4.0% pts	
Total Light Vehicles	14.9	14.5	12.7	13.0	13.4	(2.5)	-16.0%
Heavy Trucks	0.5	0.4	0.5	0.5	0.5	(0.0)	-0.3%
Total Vehicles	15.4	14.9	13.2	13.5	13.9	(2.5)	-15.5%

Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars) ^(d)

	<u>2021</u> <u>Average</u>	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>	<u>3 Month</u> <u>Average</u>	<u>Chg fr</u> <u>Year Ago</u> <u>Level</u>	<u>Chg fr</u> <u>Year Ago</u> <u>%</u>
Inventories	\$162.2	\$170.9	\$167.1	\$170.8	\$169.6	\$16.3	10.6%
Inventory/Sales Ratio	1.32	1.33	1.28	1.35	1.32	0.17	

- Michigan vehicle production rose 27.8 percent from June 2021 while national vehicle production increased 20.4 percent from last June. In June 2022, Michigan vehicle production totaled 190,574 units.
- In June 2022, auto production rose 106.5 percent year-over-year (y-o-y) in Michigan and was up 16.4 percent nationally; truck production increased 22.3 percent in Michigan and was up 21.3 percent nationally.
- Comparing the three-month average of vehicle production in April 2022-June 2022 to production in April 2021-June 2021, Michigan's average production was up 33.0 percent while average production was up 20.5 percent nationally.

Three-Month Average of Michigan Vehicle Production Up from Year Ago in June



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2021 Monthly Average	Apr 2022	May 2022	Jun 2022	3 Month Average	Jun Level Chg fr Yr Ago	Jun % Chg fr Yr Ago
U.S. Production ^(e)							
Autos	138.4	152.6	151.4	161.9	155.3	22.9	16.4%
Trucks	621.5	699.2	722.8	728.6	716.8	127.8	21.3%
Total	759.9	851.8	874.2	890.5	872.1	150.7	20.4%
Michigan Production ^(f)							
Autos	11.1	11.2	16.4	20.1	15.9	10.4	106.5%
Trucks	143.4	167.4	175.5	170.5	171.1	31.1	22.3%
Total	154.4	178.6	192.0	190.6	187.1	41.5	27.8%
Michigan as % of U.S.	20.3%	21.0%	22.0%	21.4%	21.4%	1.2% pts	

U.S. Economic Conditions

	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>	<u>Jun-22</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	59.4	65.2	58.4	50.0	-35.5 points
ISM Manufacturing Index ⁽ⁱ⁾	57.1	55.4	56.1	53.0	-7.9 points
ISM Non Manufacturing Index ⁽ⁱ⁾	58.3	57.1	55.9	55.3	-5.4 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>	<u>Jun-22</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	287.5	289.1	292.3	296.3	9.1%
Detroit CPI	NA	265.1	NA	272.9	9.7%
U.S. Producer Price Index	137.2	137.9	139.2	140.9	11.3%
INTEREST RATES					
90 Day T-Bill ^(l)	0.44%	0.76%	0.98%	1.49%	1.45% points
10 Year Treasury Securities ^(l)	2.13%	2.75%	2.90%	3.14%	1.62% points
INDUSTRIAL PRODUCTION ^(l)	103.7	104.5	104.6	104.4	4.2%
CAPACITY UTILIZATION ^(l)	79.9%	80.4%	80.3%	80.0%	2.4% points
RETAIL SALES ^(d)	\$670.0	\$674.7	\$673.9	\$680.6	8.4%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>	<u>Jun-22</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.716	1.805	1.591	1.559	-6.3%
Existing Home Sales ^(m)	5.750	5.600	5.410	5.120	-14.2%
DURABLE GOODS ORDERS ^(d)	\$264.3	\$265.4	\$267.6	\$272.6	10.9%
PERSONAL INCOME ^(c)					
(Billions, Seasonally Adj & Annualized)	<u>2021.2</u>	<u>2021.3</u>	<u>2021.4</u>	<u>2022.1</u>	<u>% Change From Year Ago</u>
Michigan	\$552.2	\$544.9	\$542.9	\$549.6	-7.0%
U.S.	\$20,647.7	\$20,803.2	\$20,989.7	\$21,237.2	-2.8%
GROSS DOMESTIC PRODUCT ^(c)					
(Billions of Chained 2012 Dollars, Seasonally Adj & Annualized)	<u>2021.3</u>	<u>2021.4</u>	<u>2022.1</u>	<u>2022.2</u>	<u>Annualized % Chg From Last Qtr</u>
	\$19,478.9	\$19,806.3	\$19,727.9	\$19,681.7	-0.9%

SOURCES AND NOTES

- (a) Seasonally adjusted. Sources: Bureau of Labor Statistics, U.S. Department of Labor and Michigan Department of Technology, Management and Budget.
- (b) Bureau of Labor Statistics, U.S. Department of Labor (BLS 790). Page 2 Michigan three-month average unemployment rate graph values use interpolated monthly values for January 2021-August 2021.
- (c) Bureau of Economic Analysis, U.S. Department of Commerce.
- (d) Bureau of the Census, U.S. Department of Commerce. Seasonally adjusted.
- (e) Automotive News.
- (f) Michigan Department of Treasury.
- (g) Michigan Department of Technology, Management and Budget.
- (h) University of Michigan Survey of Consumers.
- (i) Institute for Supply Management (ISM), formerly NAPM.
- (j) The Conference Board.
- (k) Bureau of Labor Statistics, U.S. Department of Labor.
- (l) Seasonally adjusted rates (except interest rates). Federal Reserve System Board of Governors. 2012 equals 100. Treasury bill rate (secondary market).
- (m) National Association of Realtors.